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GARNEY MINES LIMITED

PROSPECTUS

May 1st
1962

GARNEY MINES LIMITED

486 St. John St., Room 33 - Montreal 1, CANADA

Incorporated in 1959 under the laws of the Province of Quebec

OFFICERS

ROGER MARCHAND, M. Com. - - - - - President
G. G. TEOLIS, B.Sc. - - - - - Vice-President
J. H. FOISY - - - - - Vice-President
J. E. BRANIGAN - - - - - Managing-Director
Mrs. MARY SHEEHAN - - - - - Secretary-Treasurer

BOARD OF DIRECTORS

ROGER MARCHAND, M. Com. - - - Laval-des-Rapides, Que.
G. G. TEOLIS, B.Sc. - - - - - Montreal, Que.
J. H. FOISY - - - - - Laval-des-Rapides, Que.
J. E. BRANIGAN - - - - - Montreal and Noranda, Que.
HARRY FISHMAN Ph., C. - - - - - Montreal, Que.
GEO. TAKAHASHI - - - - - Montreal, Que.
Mrs. MARY SHEEHAN - - - - - Montreal, Que.
RENE LETIENNE, M.D. - - - - - Montreal, Que.

SOLICITOR

HECTOR BENOIT, B.C.L., Ass't.-Secretary

CONSULTING ENGINEER

RAYMOND LEBLANC, P.Eng., M.Sc., M.Eng.

TRANSFER AGENT AND REGISTRAR
CHARTERED TRUST COMPANY
625 West, Dorchester Boulevard,
Montreal 1

BANKER

BANK OF MONTREAL

AUDITOR

GUY BOISVERT, C.A.
Montreal

GARNEY MINES LIMITED

Suite 33 - 486 St. John St.,
MONTREAL, CANADA

Directors' Report

May 1st, 1962.

Letter of the President :

The Directors herewith submit the Prospectus of the Company together with the Financial Statements for the fiscal year ending March 31st, 1962, and the Auditor's Report thereon.

The Company has acquired four adjoining claims in Duparquet and Destor Twps being the continuation to the East of the highly mineralized ore zones already delineated to the west of the property, an increase of 190 acres in exchange for the Bousquet Township claims. The property now has about one and three quarter miles from East to West.

These claims representing 710 acres are situated on the Provincial Highway about 24 miles North-West of the Twin Cities of Rouyn and Noranda neighbouring Beattie Duquesne Mines and being North of MacDonald Mines by 2 miles and of Lake Dufault Mines by 6 miles. The town of Duparquet is 7 miles further West.

During the year 32 shallow holes at depth varying from 125 to 300 feet were diamond drilled, all showing values in gold, silver and copper. Although several holes remain yet to be assayed, it could be noted in particular that each of the following five foot assays gave an average return per ton in gold and silver of \$16.18 for hole No. 2, (gold calculated at \$35.00 per oz.) \$9.02 in No. 3, \$4.83 in No. 18, \$4.17 in No. 21, \$6.77 (for 2 feet) in No. 25, 3.93 in No. 30 at 195 feet, \$6.72 in No. 32, (for 8 feet), \$9.75 and \$23.64 in No. 22 at depths of 48 and 118 feet respectively.

Mr. Raymond Leblanc, Mining Engineer, and Mr. J. E. Branigan, Managing-Director, are satisfied with results obtained from core already drilled at depth from 118 to 300 feet and they firmly believe that deep drilling would give results in gold, silver and copper and consequently could enhance considerably the tonnage.

The Board therefore has authorized a deep diamond drilling contract. The first steep hole for a depth of about 1,300 feet will be started May 15th, 1962.

On behalf of the Board,

ROGER MARCHAND,

President.

GARNEY

(no person)

Balance Sheet as at

ASSETS

Current Assets

Cash in bank \$ 2,959.42

Mining properties and claims

Mining properties — Township of Duparquet and Bousquet,
Quebec acquired in consideration for 900,000 shares of the
company's capital stock issued at discount of 90%\$ 90,000.00

Other claims 10.00 90,010.00

Other assets and deferred expenditures

Deposit with Province of Quebec 1,000.00

Organization expenses 1,897.01

Exploration, development and administration expenditures

deferred 32,337.57 35,234.58

\$128,204.00

Approved on behalf of the board :

R. MARCHAND

J. E. BRANIGAN

AUDITORS' REPORT TO THE SHAREHOLDERS — APRIL THE 11th, 1962

I have examined the Balance Sheet of Garney Mines Limited (no personal liability) as at March 31st, 1962 and the statement of Deferred Expenditures for the year ended on that date and have obtained all the informations and explanations I have required. My examination included a general review of the accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion the accompanying Balance Sheet and related Statements of Deferred Expenditures are properly drawn up so as to exhibit a true and correct view of the state of affairs of the Company as at March 31st, 1962, according to the best of our information and the explanation given to me and as shown by the books of the Company.

GUY BOISVERT,

Chartered Accountant.

MINES LTD.

ty)

March 31, 1962

LIABILITIES

Capital stock

Authorized — 5,000,000 shares of \$1.00 each

Issued — 900,000 shares in consideration of mining proper-

ties\$900,000.00

Less : Discount thereon 810,000.00 \$ 90,000.00

344,859 shares for cash 375,059.00

Less : Discount thereon 336,855.00 38,204.00

NOTE: The transfer agent has confirmed that on the date of the Balance Sheet
810,000 shares of the Company stock were being held in escrow.

\$128,204.00

Subject to my report dated this 11th day of April, 1962.

GUY BOISVERT, C.A.

GARNEY MINES LIMITED

(no personal liability)

Statement of Deferred Expenditures

FOR THE YEAR ENDED MARCH 31, 1962.

Exploration and development expenditures	Year ended March 31, 1962	Year ended March 31, 1961	Total March 31, 1962
Geophysical Survey	\$ 550.00	\$ 125.00	\$ 675.00
Field Work and Travelling	20,836.83	2,456.65	23,293.48
Taxes and Licenses — Claims	354.00	2,589.50	2,943.50
	<u>\$21,740.83</u>	<u>\$5,171.15</u>	<u>\$26,911.98</u>
Administrative expenditures			
Commissions	155.00	425.00	580.00
Transfer Agents and Registrar's fees	241.10	528.51	769.61
Registration — Filing fees Province of Quebec	250.00	500.00	750.00
Printing and Stationary	694.62	418.28	1,112.90
Telephone	264.53	89.35	353.88
Taxes		125.65	125.65
Secretary's fees	300.00	300.00	600.00
Legal and Audit	485.00	152.00	637.00
Advertising	306.36		306.36
Office expenses	181.09		181.09
Bank charges	4.10	5.00	9.10
	<u>\$ 2,881.80</u>	<u>\$2,543.79</u>	<u>\$ 5,425.59</u>
Total exploration development and administrative expenditures	<u>\$24,622.63</u>	<u>\$7,714.94</u>	<u>\$32,337.57</u>

Prospectus of

GARNEY MINES LIMITED

(No personal liability)

May 1st., 1962.

1. Garney Mines Limited (no personal liability) is the full name of the Company and the address of the Head Office is 486 St. John St., suite 33, Montreal, Que.
2. The Company was incorporated under the Quebec Mining Companies Act by Letters Patent dated March 16th., 1959.
3. The Officers, Directors and promoters are as follows :

President and Director :

ROGER MARCHAND, M.Com., Collection Agent,
162 Lavoisier Ave., Laval des Rapides, Que.

Vice-President and Director :

GIOVANNI GIUSEPPE TEOLIS, Insurance Broker,
653 Fleury St., East, Montreal.

Vice-President and Director :

JOSEPH HENRI FOISY, Executive and Industrialist,
154 Lavoisier Ave., Laval des Rapides, Que.

Secretary-Treasurer and Director :

Mrs. MARY SHEEHAN,
5212 Coolbrooke Ave., Montreal

Managing-Director :

JOHN EDMUND BRANIGAN, Prospector and Managing-Director,
1456 St-Mark St., Apt. 1, Montreal.

Directors :

DR. RENÉ LÉTIENNE, M.D. physician, 2005 St-Joseph Blvd., E., Montreal.
GEORGE TAKAHASHI, apartment house owner, 1653 St-Luke St., Montreal.
HARRY FSHMAN, merchant, 3221 Forest Hill Ave., Montreal.

4. The name and address of the Auditor of the Company is Guy Boisvert, C.A., 465 St-John St., suite 510, Montreal, Que.
5. The name and address of the Transfer Agent for the Company is Chartered Trust Company, 625 West, Dorchester Boulevard, Montreal.
6. The authorized capital of the Company is 5,000,000 shares of the par value of \$1.00 each of which 1,275,059 shares have been issued and paid-up.
7. No bonds or debentures are outstanding or proposed to be issued.
8. 810,000 Vendor shares of the Company's issued stock are held in escrow with Chartered Trust Company of Canada and they cannot be transferred, mortgaged, nor in any way alienated without the proper written consent of the Quebec Securities Commission and of the Board of Directors.

9. The shares sold for cash to-date tabulated under each class of shares are as follow :

- a) 9 shares have been sold at \$1.00 each;
- b) 354,500 shares have been sold at \$0.10 cents each;
- c) 17,000 " " " " " \$0.12½ " "
- d) 3,000 " " " " " \$0.13 " "
- e) 200 " " " " " \$0.15 " "
- f) 250 " " " " " \$0.50 " "
- g) 100 " " " " " \$0.75 " "
- h) The total cash received from the shares sold amount to \$38,204.00
Total commission of \$580. was paid for the sale of these shares.

10. No securities other than the shares were sold for cash to date.

11. The following, who are vendors and/or Directors, are considered to be the promoters of the Company and received the number of shares opposite their respective names :

Miss Bernadette Jolette, 40, 11th., St., Apt. 4, Noranda, Que.	25,000 shares
J. E. Branigan, 1456 St-Mark St., Apt. 1, Montreal	375,000 "
Harry Fishman, 3221 Forest Hill Ave., Montreal	125,000 "
G. G. Teolis, 653 Fleury East, Montreal	125,000 "
Miss M. A. Branigan, 1456 St-Mark St., Apt. 1, Montreal	100,000 "
Hyman Geller, 5650 Clanranald Ave., Montreal	100,000 "
TOTAL	850,000 "

George Takahashi, Hector Benoit, Anthony Yacoville, John Edmund Branigan, Mrs. Mary Sheehan, Harry Fishman received each 5,000 pooled shares and Roger Marchand received 20,000 pooled shares as bonus for purchase or free stock for a total of 50,000 shares

GRAND TOTAL

50,000 shares
900,000 shares

12. a) The Company owns the following claims outright : two.

The claims held by Garney Mines Ltd., comprise groups located in Duparquet and Destor Townships, P.Q., all on undivided ground.

Duparquet and Destor groups (18 claims)

These groups consist of the following continuous claims :

R 35958,59,60,61,62; also 161657, cl. 1 to 3; also 173548, cl. 2-5; also 141149 cl. 2; also 183258, cl. 1; and G-8997, cl. 1; totaling 15 claims in Duparquet Twp., thus 2 claims of 20 acres each, more or less, and 13 claims of about 40 acres each, more or less, with 3 adjoining claims in Destor Twp : G-8997-A, Cl. 2 to 4 which covers an area of about 50 acres each, more or less, making up an area of approximately 710 acres.

b) All the claims mentioned in 12 (a) were acquired from the vendors mentioned in paragraph, 11 and the consideration paid to each one of them is as mentioned in said paragraph.

From the properties mentioned in 12 (a) the following persons transferred the claims mentioned hereunder :

J. E. Branigan transferred to the Company all his interests in claim C. 161680 cls 1 and 2.

J. E. Branigan, H. Fishman and G. G. Teolis transferred all their interests in claim C 161657, cls. 1, 2, 3, 4 and 5 to the Company.

J. E. Branigan transferred to the Company all his interests in claim R 114053, 40 acres.

Miss Bernadette Jolette and Hyman Geller transferred to the Company their unregistered interests in claim C 161680 cl. 1 and 2 that were registered in the name of J. E. Branigan and also their unregistered interests in claim C 141149, cl 2 that were registered in the name of J. E. Branigan. Company has acquired from J. E. Branigan and R. Marchand adjoining claims to the east of the actual property in Duparquet and Destor Townships No. G-8997 cl. 1 to 4 totaling 190 acres in exchange for Bousquet Township claims No. C 86336 cl. 1 to 4, 160 acres.

J. E. Branigan, H. Fishman and G. G. Teolis transferred to the Company all their interests in claims No. 35958 to 35962 held under D. L. 3286.

c) There is no person or company who has received or/is to receive from any vendor a greater than five per cent interest in the shares or other consideration received or to be received by the vendor vendors.

13. The particulars relating to all properties are as follows :

a) The means of access thereto : the groups in Duparquet and Destor are located about 24 miles north of the twin towns of Rouyn-Noranda on the Macamic highway and westward along the Beattie road for 2 and $\frac{3}{4}$ miles.

From there it is only 7 miles to reach the town of Duparquet. The road runs across the property and the power line to Beattie Mines is only two miles west of the property.

b) In Duparquet Township, approximately 6,700 feet of diamond drilling were done.

c) Much surface work was done previously. The main vein is located along the contact with the greenstone over the shear and is exposed in an open-cut for 200 feet, and in prospect pits for 875 feet.

6700 feet of drilling in 23 drilled holes explored the main vein for a length of 900 feet. Two holes cut the vein at 500 feet of vertical depth and indicated that the vein continues at depth with the same width. Beside the main vein, three more veins were cut by the drilling and their actual proven length vary from 300 to 800 feet.

d) The Duparquet Township and Destor Township claims were formerly the property of the Golconda Mines Limited.

e) Survey was made of the Company's properties in Duparquet Township by J. Hector Paquin, Quebec Land Surveyor, through the present management. 32 diamond drill holes varying in depth from 60 to approximately 300 feet were put down at close intervals along the gold bearing zone in order to investigate geological conditions and to confirm findings of previous operators.

f) For further particulars concerning Company's properties, see reports written by Raymond Leblanc, Company's Engineer and dated August 16, 1961 and January 24th, 1962 and February 23rd, 1962, forming part of this prospectus.

14. There is no option agreement or underwriting agreement outstanding at the present time, and it is not proposed to give any.

It is proposed to sell 500,000 shares of the capital stock of the Company at a minimum price of ten cents per share after payment of commissions not exceeding 25% of the sale prices through the Officers of the Company directly to the public.

15. It is planned to continue diamond drilling exploration or shaft sinking if possible according to cash and results obtained. This in keeping with recommendations made by the Company's Engineer and the proceeds from the sale of the securities offered by this Prospectus will be spent accordingly and for operating expenses.

16. The administrative expenses amount to \$5,425.59 and the development expenses amount to \$26,911.98.

17. There is no indebtedness to be created or assumed which is not shown in the balance sheet annexed to the present prospectus.

18. a) Following are the particulars of the principal business in which each director or officer has been engaged during the past three years and giving the length of time, position held and name of company or firm :

ROGER MARCHAND, *President*, has been self-employed for over fifteen years as Collection Agent.

GIOVANNI GIUSEPPE TEOLIS, *Vice-President*, has been self-employed as Insurance Broker for over six years.

JOSEPH HENRI FOISY, *Vice-President*, is also President of Les Carrières St-Amable Ltée., and a Director and Secretary-Treasurer of Allen West (Canada) Ltd., for the past 12 years.

Mrs. MARY SHEEHAN, *Secretary-Treasurer*, has been employed as Secretary for MacDonald Mines Ltd., for over four years and is also a Director of the Company.

JOHN EDMUND BRANIGAN, *Managing-Director*, has been self-employed as a Prospector and Managing Director of Wm. Leys Mining Corporation Ltd., for the last four years.

GEORGE TAKAHASHI, *Director*, has been self-employed as apartment house owner for the last four years.

HARRY FISHMAN, *Director*, has been self-employed as a merchant for the last forty-four years at 1100, Windsor St., Montreal.

Dr. RENÉ LETIENNE, *Director*, has been self-employed as a Medical Doctor and Physician for the last 21 years at 1657 Lafontaine Park, Montreal.

b) J. E. Branigan, H. Fishman, G. G. Teolis and M. A. Branigan and R. Marchand transferred all their interests in the claims now owned outright by the present Company in consideration of the pooled shares which have been issued to them as mentioned in answer to question No. 11.

c) No remuneration has been paid to the Directors and/or Officers of the Company to date outside the sum of \$800.00 paid to J. E. Branigan, Managing-Director, on August 22nd., 1961 for field work, and no definite arrangement has been made for any remuneration to be paid to the Directors and/or Officers. According to circumstances remuneration may be paid to Managing-Director subject to the approval of the Board according to work performed.

19. No dividend has been paid by the Company.

20. There is no person who, by reason of beneficial ownership of securities of the Company or any agreement in writing is in a position or is entitled to elect or cause to be elected a majority of the Directors of the Company.

21. There is no other material fact not disclosed in the foregoing.
Montreal, May 1st., 1962.

The foregoing constitutes, under the Quebec Securities Act, full, true and plain disclosure of all material facts in respect with the offering of securities referred to above, and there is no further material information applicable other than in the financial statements or reports required or exigible.

R. MARCHAND

J. E. BRANIGAN

G. G. TEOLIS

HARRY FISHMAN

J. H. FOISY

Dr. RENÉ LETIENNE

Mrs. MARY SHEEHAN

GEO. TAKAHASHI

RAYMOND LEBLANC

M. Sc., M. Eng.

PROFESSEUR A L'ECOLE POLYTECHNIQUE
INGENIEUR CONSEIL - CONSULTING ENGINEER

Report on GARNEY MINES LIMITED

Montreal, Quebec

FORWARD

The purposes of this report is to present a summary account of the geology and development performed on the above Company's Mining Claims by previous operators and/or present owners.

The report is based on Official Publications such as H. C. Cuning, 1938, Dept. of Mines, Ottawa; S. H. Ross, P.R. No. 161, 1940, Quebec Dept. of Mines, etc. as also Summary Report on Golconda Mines Ltd., by John B. De Mille, Aug. 25, 1945, (on file at Quebec Dept. of Mines, Mineral Deposits Branch No. G.M.-9919); and others, viz, Geological Report, Alan C. Lee, Sept. 13, 1945; Map by R. B. Graham Que., Dept. of Mines; etc., etc., results of recent assays from samples gathered in the field by two company officials, Mr. Giovanni Teolis and Mr. J. Edmund Branigan; the writer visited the Duparquet Twp claims on three occasions: May 24-26, June 11-13 and July 22-24, 1961.

LOCATION, EXTENT, ACCESSIBILITY AND RESOURCES

The claims held by Garney Mines Ltd. comprise two groups located in Duparquet and Destor Townships, P.Q., all on undivided ground.

DUPARQUET & DESTOR GROUP (18 claims)

This group consists of the following continuous claims : R. 35958, 59, 60, 61, 62; also 161657, cl. 1 to 3; also 173548, cl. 2-5; also 141149 cl. 2 and 183258, cl. 1; and G-8997, cl. 1; totalling 15 claims in Duparquet Twp. thus 2 claims of 20 acres each, more or less, and 13 claims of about 40 acres each, more or less, with 3 adjoining claims in Destor Twp : G-8997-A, cl. 2 to 4 which covers an area of about 50 acres each, more or less, making up an area of approximately 710 acres.

GEOLOGY

The geology underlying the claims is characterized by a contact, which form part of a major regional feature, consisting of Keewatin volcanics to the north and Temiscamian-type sediments to the south. The claims are partly underlain by a closely folded synclinal axis in the sediments striking east-west; these sediments are composed of interbedded greywacke and conglomerates. Quarts porphyry dykes and masses intrude at the contact between the two formations where the volcanics, consisting mainly of andesite and tuffs, are sheared.

Large masses of quartz porphyry, having a general north-east trend, intrude both volcanics and sedimentaries : the porphyry is divided into three parallel zones; the North, Main and South zones. Two veins lie adjacent to the Main porphyry, west of a shear zone.

The geology is also characterized by local multiple block faulting, one system tending East-West, while the other tends North-East and South-West.

WORK PERFORMED

The work performed by previous owners (Golconda Mines Ltd.) consists of trenching, sampling and diamond drilling.

A main vein, located along the contact and shear in the greenstone has been exposed by open-cut over a length of 200 feet and pits for almost 900 ft.

The main vein or zone is well mineralized with fine disseminated pyrite and minor arsenopyrite; the zone is gold-bearing. In his report of 1945, J. B. DeMille described the indicated deposit as follows :

"No. 4 zone (a discovery indicating mine-making possibilities of major importance) was located early in the summer of 1938 at the North end of claim R-36012, Duparquet Township. Nine trenches were opened to trace the North side of what is now designated as the Main Porphyry. Gold values over a 5-foot width were obtained in sampling a well-defined shear zone 10 to 20 feet in width, in andesite close to the porphyry contact. When field work was resumed in the summer of 1939, the No. 9 trench was extended South across the Main Porphyry to the South contact. The original discovery of spectacular visible gold was made after opening No. 12 trench, along the South contact under six feet of overburden. The first 3-foot channel sample assayed \$16.00 per ton in gold. Other samples taken in this trench and five feet farther East, disclosed values from \$379.75 to \$5,530 per ton."

"The results of exploratory work, to the end of July 1939, supported the belief that gold concentrations having major possibilities occurred along the South contact of the Main Porphyry".

"The removal of deep overburden along the south contact of the Main Porphyry exposed a strong shear zone. This was traced for a length of more than 1,000 feet, where exposed by No. 12 trench, the altered, silicified andesite was found to have spectacular concentrations of coarse gold. This discovery led to intensive surface exploration, in the course of which a total of 17 rock pits and 32 trenches across the strike of the Main Porphyry were opened."

"The Main shear zone, located along the South contact of the Main Porphyry, was channel sampled at 5-foot intervals for a length of 115 feet after removing overburden to an average depth of six feet. The open cut was blasted in bedrock to an average depth of five feet. Visible gold, found on surface in a section 50 feet long, was exposed through the length of the open cut. A spectacular concentration of coarse flakes of gold occurred in a section of gossan 6 x 24 inches in size in the open cut five feet East of the No. 12 trench."

"Sampling results in the open cut and No. 2 pit disclosed an ore shoot having an average width of 3.3 feet for a length of 133 feet, with an average gold content of \$17.48 per ton. Samples taken in the open cut, not including the pit, represent an ore section 115 feet in length having an average width of 3.5 feet, with an uncut value averaging \$18.54; cut value of \$13.33 per ton. Details of the systematic sampling are shown on the three large sheets attached to this report."

"Oxidized shearing persists through the length of the structure exposed, although lower values, included with the average of \$13.33 per ton, occur at the extremities of the 115-foot open cut."

"Test pits No. 1 and No. 2, both disclosing visible gold, extended to a length of 133 feet the section where native gold was found exposed, Channel samples secured in the test pits resulted in higher assays than were shown by samples taken in the open cut. The excellent appearance of mineralization along the shearing in the pits indicated even higher values than those secured from assays."

"In the No. 1 test pit, the footwall of the shearing maintains its 67-degree dip, while the hanging wall flattens to 55 degrees. Mineralization is well distributed across the full width of the shearing. At this point, the porphyry contact veers away from the regular strike of the shearing, so that a width of 25 feet between the two structures may be found to make ore. It is assumed that shearing and sulphide replacement affect the entire contact zone along the South side of the Main Porphyry. At other places along the north side of the open cut, where the porphyry draws away from the shearing, there is evidence of the shearing bulging out to conform with the irregular contour of the porphyry. This is a condition believed to represent ore widths greater than those opened by surface exploration."

"Bulk sampling was done in September 1939. A sample weighing 1,178 pounds, from the open cut in the vicinity of the No. 12 trench, was shipped to the Temiskaming Testing Laboratories at Cobalt, operated by the Ontario Department of Mines. The ore was quartered, the average assay value of the four samples assayed being \$20.34 per ton."

"A bulk sample representative of about 300 tons of ore from the open cut was shipped, in December 1939, to the Ore Dressing Laboratories, Department of Mines, Ottawa. Assays show the average value to be \$12.60 per ton (gold at \$35. per ounce), or \$13.86 calculated in Canadian funds (\$38.50 per ounce).

Arsenic in the ore does not exceed 0.02 percent and only traces of antimony could be detected. The Ore Dressing Laboratories conducted six metallurgical tests on the ore sample. These showed the ore to be amenable to cyanidation, not requiring flotation, roasting, or other beneficiation. Fine grinding, probably to 300 mesh, is required because of the extremely fine sulfides. No visible gold was detected in the bulk sample. This laboratory was responsible for working out the flow sheet in use by Beattie Gold Mines and the report on the study conducted on Golconda ore is believed to be adequate for use when mill construction is planned."

"Surface exploration by means of trenching was done to the East and South of the open cut through areas of shallow overburden. It was made possible by the 1944 bush fire to project the South Porphyry as far as the Destor Township boundary. Throughout the length of this large intrusive body, it now appears that favorable ore possibilities exist."

"Values obtained from channel sampling the Main Porphyry in No. 9 trench encouraged further study, which was made possible when drill cores were available, to determine the distribution of gold along other shearing through the porphyry, and not confined merely to the South boundary of the intrusive mass."

ORE BODY

"Diamond drilling in a restricted area, to test at greater depth the ore shoot exposed in the open cut, was started on May 11, 1940 and was terminated, on account of the war, after a total of 6,700 feet had been completed. Sampling results of this preliminary drilling demonstrated that gold values occur more frequently at depth than is apparent on surface."

"The first stage of the drilling program was successful in locating two additional shears at greater depth. A long cross-section, represented by the core from No. 12 hole, intersected two veins or shear zones which were not exposed on surface. Of these, the No. 5 zone is located about 200 feet South of the Main Porphyry; the No. 6 zone is located at depth in the band of altered andesite near the center of the Main Porphyry. Both the Main and the No. 4 shears were found to persist down to the lowest horizons tested as compared with sections exposed in the open cut, test pits, and trenches, and show better widths than on surface. All four of those mineralized zones indicate satisfactory widths and are generally paralled within a belt approximately 250 feet in width."

"Several other favorable areas are to be explored where promising structural conditions have been indicated by drilling."

"The Main shear zone has been indicated by both surface work and diamond drill holes for a length of 1,100 feet and to a vertical depth of 420 feet. The structure remains open at both ends and merits careful investigation. Depth of overburden had made it impossible to investigate this area by means of trenching, so that disclosures from cross-sectional drilling are considered to be significant of the possibilities that await exploration throughout the area bordering the Lepine Lake shear, and the North and South Branches of that shear farther East in Destor Township".

It is my belief that work so far undertaken has demonstrated that ore exposed in the open cut persists beyond into the low ground, where information can be secured only from further diamond drilling. The ore shoot now exposed in the open cut and tested by preliminary drilling has shown a persistent mineralization both as to depth and lateral extent."

"SUMMARY AND CONCLUSIONS"

"Following the discovery of 1939 of a high grade ore shoot along the sheared contact of the Main Porphyry, surface exploration was extended both East and West as far as depth of overburden would permit. The contact zone was stripped for a length of more than 150 feet and traced for a length of 875 feet by a series of 32 trenches and 17 test pits. An open cut was blasted in bedrock to an average depth of five feet for a length of 115 feet along the stripped section of the shearing."

"Gold concentrations in this Main zone showed an average cut value of \$13.33 across a width of 41 inches for a length of 115 feet, the samples being taken from the floor of the open cut that was made in the stripped section of the sheared zone. Channel samples secured in the No. 2 test pit at the East end of the stripped section of the shearing resulted in higher assays than were shown by the average of samples taken in the open cut. An average value of \$17.45 across a 27-inch width was obtained in the pit 16 feet below surface."

"Diamond drilling in a restricted area to test at greater depth the ore shoot exposed in the open cut, trenches and test pits, was started on May 11, 1940, and was terminated on account of the war after

a total depth of 6,700 feet had been completed. Sampling results of this preliminary drilling demonstrated that gold values occur more frequently at depth than is apparent on surface. The first stage of the drilling was successful in indicating two additional ore shoots at depth which did not outcrop. The potential importance of these two new mineralized zones remains to be determined, both laterally and at greater depths, by further drilling."

This limited amount drilling has given a satisfactory answer to the question of persistence of the ore, both as to depth and lateral extent. The result of this work also gave valuable information concerning downward extension of the No. 4 zone following the North contact of the Main Porphyry, which was intersected at three points at depths down to 340 feet. Both the Main and the No. 4 shears were found to persist down to the lowest horizon tested."

"The Main zone has been proved to a depth of 420 feet, with no suggestion of either diminished alteration or sulfide replacement. The length indicated by a series of diamond drill holes is 1,100 feet as compared with the 875-foot surface section previously known. In most drill holes, the vein widths are better than on surface. The No. 4 zone gives promises of carrying commercial values across good widths. All four mineralized zones show satisfactory widths and are generally parallel within a belt approximately 250 feet in width, making possible very economical mining operations."

"Present results have been interpreted as offering encouragement for carrying out plans, not only for additional drilling and geophysical prospecting, but also for shaft sinking and underground exploration on the Main zone, where surface work and diamond drilling have indicated an important ore body."

Recent surface sampling (Jan. 1961) on this Main zone by company officials returned the following results on twelve grab samples :

Gold : 0.24 to 5.69 oz/T.

Silver : 1.06 to 6.98 oz/T.

Copper : 0.67 to 3.78%

The undersigned also gathered in the field several "character" grab samples from this zone; that is, along a major trench, about 900 feet long in an approximately East-west direction which was put down through drift and rock by previous operators; values obtained on nine samples varied from traces in Gold and/or Silver up to \$135.97 per ton. The excavation is about 10 feet deep and reveals a rock assemblage consisting of andesite, greywacke, quartz and feldspar porphyry, conglomerates, pyroclastics; quartz and calcite intrusions associated with pyrite, pyrrhotite and chalcopyrite.

Twenty-one shallow diamond drill holes varying in depth from 60 to 200 feet were put down at close intervals along the above mentioned zone in order to investigate geological conditions and to confirm findings of previous operators. All holes returned values in gold and/or silver, varying from traces to about \$16.00 per ton over a length of 7 feet between footage 119 to 126 for hole No. 2 drilled at 45°N and lesser values such as \$8.95 in hole No. 3 from 106 to 111, and \$4.85 over 5 feet at footage 150 to 155 for hole No. 18, also 7 feet from footage 155 to 162 of \$2.75 in the same hole, and \$3.02 over 2.5 feet at footage 118 No. 4, etc., etc.

The results obtained from the limited amount of confirmatory drilling performed all tend to substantiate previous results and conclusions.

Geologically speaking, a noteworthy feature found on the claims is the presence of a block faulting giving rise to many shear zones all favorable to ore deposition which could be advantageously investigated by means of further diamond drilling and/or other means of development such as deep trenchings, prospect shafts, etc., etc.

CONCLUSIONS AND RECOMMENDATIONS

Results reported by previous operators have been substantially corroborated in a general manner by the present work; the presence of precious metals on the claims has been demonstrated, and results are good indicating favorable features; should conditions persist in extent and values, their further development could result in a profitable exploitation.

It is suggested that further trenchings, pitting and diamond drilling be systematically completed in order to determine fully the economic importance of the mineral deposit; indications are good.

As a first step, it is suggested that further drilling be performed by forming in a vertical plan a series of holes from the same "set-ups", with the holes put down at different dip, along the chosen plan in order to determine the precise attitude of some of the block faulting; in this manner the tonnage developed could be considerable and the full mine-making possibilities of the deposit determined.

Respectfully submitted,

August 16th, 1961.

RAYMOND LEBLANC, P. Eng.

RAYMOND LEBLANC

M. Sc., M. Eng.

PROFESSEUR A L'ECOLE POLYTECHNIQUE
INGENIEUR CONSEIL - CONSULTING ENGINEER

Report on Results of Diamond Drilling GARNEY MINES LIMITED Montreal

DUPARQUET PROPERTY, LAKE DUFAULT DISTRICT
Rouyn - Noranda Region, P.Q.

PROGRESS REPORT - FROM AUGUST 16, 1961 TO JANUARY 24, 1962.

Summary of results diamond drilling (see loggings and plan)

Drilling has outlined a major favourable gold-bearing sulphide mineralized zone about 750 feet in length holding good values over core widths of upwards of 12 feet at about the 100 to 125 footage horizon; a second mineralized zone, and perhaps a third, are also indicated at the 40 to 55 footage horizon as well the 180 to 200 footage.

Assay returns (gold and silver) from intersections on the first zone range all the way from \$1.05 to more than \$12.00 per ton; some of the more significant ones are as follows. Hole 2, \$10.98 per ton average over a core width of 11 feet at footage 115' to 126', (including \$16.18 per ton over seven feet, and two feet which was not assayed at time of writing and taken as nil in calculations); Hole 3, \$9.02 over five feet at footage 106' to 111'; Hole 4, \$3.02 per ton over 2½ feet at 118' - 120 ½'; Hole 21, \$4.17 over 4.75' at 98.75' to 103.5'; Hole 22, \$12.54 over 10 feet at 118 to 128' (including a five foot section at \$23.64); Hole 25, \$6.77 from 93' to 95'; Hole 31, 2.90 between 85' and 90'; and Hole 32, \$6.72 from 92 to 100'. Also, Hole 22, \$9.75 from 48' to 53'; Hole 13, \$1.93 over 6 feet, from 69' to 75'; Hole 18, \$3.62 over 12 feet from 150 to 162'; Hole 23, \$2.51 from 30' to 35'; Hole 28, \$2.44 over 13 feet from 187' to 200' and Hole 30, \$3.93 from 195 to 200', as well as others highly significant indications which the reader will find on the plan tabulation as also the geology encountered; block faulting, drag folding, and the lithographic assemblage found on the claims under review.

A noteworthy geological feature revealed by the drilling is the presence of a basaltic crypto-crystalline formation, well mineralized with sulphides found in hole No. 30 between footages 273 and 294 feet. The presence of silica flows could be significant in relationship to ore deposition as it might be indicative of heavy sulphides at greater depth. This is particularly so when the general geological assemblage found during the drilling campaign is considered; chloritized rhyolite, tuffs, lava flows and folding as found at Lake Dufault, for instance. It is therefore suggested that at least one or two deep holes be put down on the claims in order to investigate ore-making possibilities of depths to about 1200 to 1400 feet. The site of the suggested hole or holes could be in the neighborhood of hole No. 20 or No. 21; it is perhaps significant that many of the cores examined held copper-mineralisation at depth, as has been found at Lake Dufault which is located about five or six miles to the south in generally similar geological conditions; also the Beattie Mines located a short distance to the west found their more important gold deposits at depths of about 1000 feet or so.

CONCLUSIONS AND RECOMMENDATIONS

The diamond drilling can be considered as having revealed significant results; it should be continued. It is recommended that at least two deep and steep holes be put down at the locations suggested previously; the writer is highly encouraged by the returns and geological conditions obtaining on the property.

January 24th, 1962.

RAYMOND LEBLANC, P.Eng.

RAYMOND LEBLANC

M. Sc., M. Eng.

PROFESSEUR A L'ECOLE POLYTECHNIQUE
INGENIEUR CONSEIL - CONSULTING ENGINEER

APPENDIX TO REPORT ON GARNEY MINES LTD.

DATED 24/1/62.

Further to above report, the following comments on diamond drilling results are pertinent and noteworthy; many holes are not logged nor sampled over their entire lengths, but will be as soon as conditions permit. Hole No. 2 was not sampled from footage 117' to 119'; results could enhance the overall picture. Hole No. 3 was sampled over five feet, from 106' to 111' only and should be re-examined over greater widths.

Hole No. 7 was not logged nor sampled and the same applies, at least partly, to holes Nos. 11, 13, 26 and 27.

Also some others were not drilled to sufficient depths.

It is also notable, however, that many others all carried gold (and silver) and copper bearing mineralization over considerable widths, for instance Hole No. 30 carried gold values and copper minerals for a length of 25 feet and should have been taken to greater depth and many others; also holes 31 and 32 were not thoroughly sampled (nor logged) over their whole length. This will be completed as soon as possible.

At least one or two deep holes should be taken to depths greater than 1100 to 1200 feet in order to investigate conditions at lower horizons; the presence of copper minerals and basaltic formation are good indications of ore deposition.

February 23rd, 1962.

(signed) RAYMOND LEBLANC, P. Eng.

CERTIFICATE

I, Raymond Leblanc, of the City of Montreal, in the province of Quebec, do hereby certify as follows :

- (1) I am a Professional Engineer carrying on my practice from Montreal.
- (2) I attended the Ecole Polytechnique, University of Montreal and McGill University : I am a member of the Corporation of Professional Engineers of Quebec and I have practiced my profession as Consulting Engineer for over 20 years.
- (3) I have no interest either directly nor indirectly, nor do I expect to receive any interest either directly nor indirectly in the property or securities of Garney Mines Ltd. except such fees or payment as I may be paid for services rendered as Consulting Engineer.
- (4) My reports on Garney Mines Ltd. dated Aug. 16, 1961, Jan. 24th 1962 and Feb. 23rd 1962 are based on personal observation on the claims described and on Official and private reports.

RAYMOND LEBLANC, P. Eng.
M.Sc. M. Eng.

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RAYMOND LEBLANC
M. Sc., M. Eng.
PROFESSEUR A L'ECOLE POLYTECHNIQUE
INGENIEUR CONSEIL - CONSULTING ENGINEER

REPORT ON RESULTS OF DIAMOND DRILLING

GARNEY MINES LTD.

MONTREAL

DUPARQUET PROPERTY, LAKE DUFAULT DISTRICT

ROUYN - NORANDA REGION, P.Q.

SUMMARY OF RESULTS DIAMOND DRILLING (SEE LOGGINGS AND PLAN)

Drilling has outlined a major favourable gold-bearing sulphide mineralized zone about 750 feet in length holding good values over core widths of upwards of 12 feet at about the 100 to 125 footage horizon; a second mineralized zone, and perhaps a third, are also indicated at the 40 to 55 footage horizon as well the 180 to 200 footage.

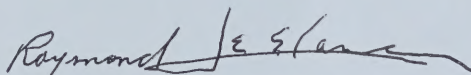
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CONCLUSIONS AND RECOMMENDATIONS

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January 24th, 1962.


Raymond Leblanc, P.Eng.

